				S' DEPARTMEN		OF UTAH ATURAL RES	OURCES	5			AMENDED	FORM 3	
	DIVISION OF OIL, GAS AND MINING								4 14/51 1 11414				
		APPLIC	CATION FOR	PERMIT TO DRIL	-L				1. WELL NAME		ON CREEK SE	-29-14-8	
2. TYPE OF		L NEW WELL	REENTER P&	A WELL DEEP	PEN WELL	- 🔾			3. FIELD OR W		<b>AT</b> GORDON CRE	EK	
4. TYPE OF	WELL	Gas We	ell Coalbe	ed Methane Well: NO					5. UNIT or CO	<b>MUN</b>	IITIZATION	AGREEM	NT NAME
6. NAME OF	FOPERATOR		GORDON CF	REEK, LLC					7. OPERATOR	PHON	<b>E</b> 403 453-160	08	
8. ADDRESS	S OF OPERATOR		'9 E Main #345,	Price, UT, 84501					9. OPERATOR		<b>IL</b> @thunderbird	lenergy.co	m
	AL LEASE NUME INDIAN, OR ST Burnside			11. MINERAL OWN	IERSHIP IDIAN		) FEE	·	12. SURFACE (			STATE 🔊	FEE 📵
13. NAME C		/NER (if box 12						_	14. SURFACE	WNE			: 'fee')
15. ADDRES	SS OF SURFACE	OWNER (if box		untington, UT 84528					16. SURFACE	WNE	435-687-22 R E-MAIL (i		· 'fee')
17. INDIAN	N ALLOTTEE OR	TRIBE NAME		18. INTEND TO CO		LE PRODUCT	ION FROI	м	19. SLANT				
(if box 12 =	= 'INDIAN')					gling Application	on) NO	0	VERTICAL (🗓)	DIR	ECTIONAL [	) HORI	ZONTAL 🔵
20. LOCAT	ION OF WELL		FO	OTAGES	Q1	rR-QTR	SECT	TION	TOWNSHI	Р	RANGE	·	MERIDIAN
LOCATION	I AT SURFACE		869 FS	SL 472 FEL		SESE	29	9	14.0 S 8.0 E		S		
Top of Upp	permost Produc	ing Zone	869 FS	SL 472 FEL		SESE 29		9	14.0 S		8.0 E		S
At Total De	epth		869 FS	SL 472 FEL		SESE	29	9	14.0 S 8.0 E			S	
21. COUNT		RBON		22. DISTANCE TO I	22. DISTANCE TO NEAREST LEASE LINE (Feet) 462 23. NUMBER OF ACRES IN DRILLING UNIT 160								
	25. DISTANCE TO NEARE (Applied For Drilling or C				ng or Co		AME POO	DL	26. PROPOSED DEPTH  MD: 4127 TVD: 4127				
27. ELEVAT	27. ELEVATION - GROUND LEVEL  7495  28. BOND NUMBER				010790			29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE 91-5193			PPLICABLE		
				Hole, Casing			ormatio	n					
String	Hole Size	Casing Size	Length	Weight	Grade	& Thread	Ма	ax Mud	Wt. Cem	ent	Sacks	Yield	Weight
SURF	11	8.625	0 - 450			5 ST&C		8.7	Clas		212	1.142	15.84
PROD	7.875	5.5	0 - 412	7 17.0	N-8	30 LT&C		10.0	Clas	s G	359	2.69	10.7
				A	ATTACH	IMENTS							
	VERIFY THE	FOLLOWING	ARE ATTACH	ED IN ACCORDA	NCE W	TH THE UT	AH OIL	. AND G	AS CONSER\	'ATI	ON GENER	AL RULE	s
<b>₩</b> WEL	L PLAT OR MAF	PREPARED BY	LICENSED SUR	VEYOR OR ENGINEE	ER	СОМІ	PLETE DR	RILLING	PLAN				
AFFI	DAVIT OF STAT	US OF SURFACE	OWNER AGRE	EMENT (IF FEE SUR	RFACE)	FORM	5. IF OP	PERATOR	IS OTHER TH	AN TH	IE LEASE OV	VNER	
DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY TOPOGRAPHICAL MAP													
NAME Barr	ry Brumwell		TITLE V	ice President-Operation	ons		PHO	<b>ONE</b> 403	453-1608				
SIGNATUR	RE		DATE 09	9/27/2011			EMA	<b>AIL</b> bbrui	mwell@thunderl	irden	ergy.com		
	er assigned 0750251000	00	APPROV	/AL			B	Dal	Sill				
							Permit N	Manager					

#### **DRILLING PLAN and PROGRAM**

Attached to UDOGM Form 3

#### **GORDON CREEK, LLC.**

SE-29-14-8

SURFACE LOCATION:

868.98' FSL & 471.86' FEL

SE/4 of SE/4 of Section 29-14S-8E

Carbon County, Utah

#### 1. SURFACE GEOLOGIC FORMATION

Emery Sandstone Member of the Mancos Shale

#### 2. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS

Mancos Blue Gate Shale top:

1,753' KB

Lower Blue Gate Bentonite Marker:

3,522' KB

Ferron SS:

3,657′ KB

#### 3. PROJECTED GAS & H<sub>2</sub>0 ZONES

While no groundwater is expected to be encountered, groundwater *may* be encountered within the Emery Sandstone Member of the Mancos Shale. Any water encountered will be reported on a Form 7 "Report of Water Encountered During Drilling". All indications of usable water will be reported.

Casing & cementing will be done to protect potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones and prospectively valuable mineral deposits.

Surface casing will be tested to 500 psi and the Production casing will be tested to 1,500 psi, with a minimum of 1 psi/ft of the last casing string setting depth.

#### 4. PROPOSED CASING AND CEMENTING PROGRAMS

Refer to EXHIBIT "A" for casing design information

#### A. CASING PROGRAM

HOLE SIZE (in)	CASING SIZE (in)	WEIGHT (#/ft)	GRADE	JOINT	DEPTH SET (ft)
17	12 3/4	40.5	H-40	ST&C	0 – 40
11	8 <sup>5</sup> / <sub>8</sub>	24.00	J-55	ST&C	0 – 450
7 7/8	5 1/2	17.00	N-80	LT&C	0 – 4,127

#### **B.** CEMENTING PROGRAM

The 8  $^5/_8$ " surface casing will be set and cemented full length with approximately 212 sacks of 0-1-0 Class "G" cement + 2% CaCl<sub>2</sub> + 0.25 #/sk of cellophane flakes mixed at 15.84 ppg (yield = 1.142 ft<sup>3</sup>/sk); volume based on nominal hole size + 100% excess. The cement will be circulated back to surface. In the event that the cement is not circulated back to surface, a 1" top out job will be performed with 0-1-0 Class "G" cement + 2% CaCl<sub>2</sub> + 0.25 #/sk of cellophane flakes mixed at 15.84 ppg (yield = 1.142 ft<sup>3</sup>/sk).

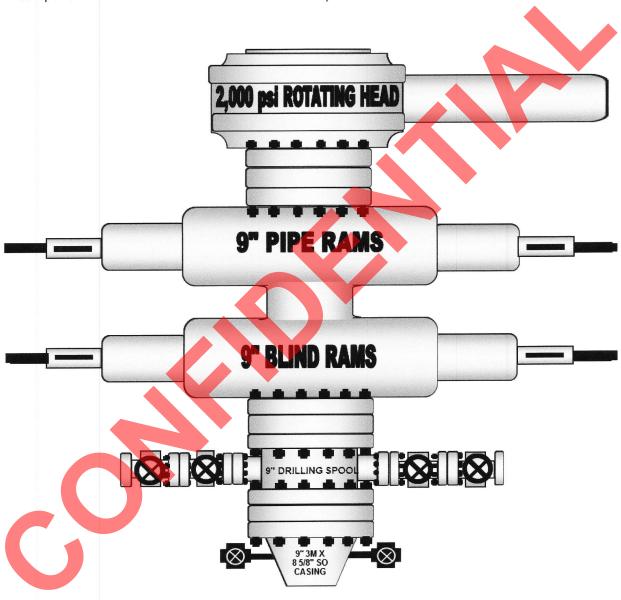
The 5 ½" production casing will be set and cemented full length using 359 sx of 0-1-0 "G" Light Weight cement incorporating 42% "SuperBall" centrospheres to lighten the cement density + 3% NaCl, 0.3% Air-out, 1.5% SFI-300, 0.2% SCR-2. The cement will be mixed at 10.7 ppg (yield = 2.69 ft3/sk); volume based on nominal hole size + 35% excess. The cement will be circulated back to surface.

#### THE FOLLOWING SHALL BE ENTERED INTO THE DRILLER'S LOG:

- I. Blowout preventer pressure tests, including test pressures and results;
- II. Blowout preventer tests for proper functioning;
- III. Blowout prevention drills conducted;
- IV. Casing run, including size, grade, weight, and depth set;
- V. How the pipe was cemented, including amount of cement, type, whether cement was circulated back to surface, location of the cementing tools, etc.;
- VI. Waiting on cement time for each casing string;
- VII. Casing pressure tests after cementing, including test pressures and results.

#### 5. THE OPERATOR'S MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL

Below is a schematic diagram of the blowout preventer equipment requirements for this drilling operation. A 9' X 3,000 psi double gate BOP will be used with a 2,000 psi Rotating Head utilized for air drilling operations. ALL BOPE will be pressure tested to the required operating pressures of each component. All tests will be recorded in the Driller's Report Book. The physical operation of each component of the BOP's will be checked on each trip.



#### 6. THE TYPE AND CHARACTERISTICS OF THE PROPOSED CIRCULATING FLUIDS / MUDS

0' - 450' 11" Surface Hole Drill with air, will mud-up if necessary. 450' – TMD  $7^{7}/_{8}$ " Main Hole Drill with air, 500 psi @ 1500-2300 ft<sup>3</sup>/min

Will "mud up" at Total Depth to run logs and casing. Will mud up sooner if hole conditions dictate. It is anticipated that drilling fluid densities of 8.3 – 8.7 #/gal will be utilized when "mudded up".

#### 7. THE TESTING, LOGGING AND CORING PROGRAMS

Open hole logs consisting of a CNL-LDT-GR-CAL will be run from above the Blue Gate Shale to TMD. A DIL-GR-SP log will be run from TMD to surface casing.

#### 8. ANY ANTICIPATED ABNORMAL PRESSURES or TEMPURATURES

No abnormal pressures or temperatures have been noted or reported in wells drilled in the area nor at the depths anticipated in this well. Bottom hole pressure expected is approximately 1250 psi maximum. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

#### 9. ANTICIPATED STARTING DATE AND DURATION OF THE OPERATIONS

The well will be drilled between late September and the end of November, 2011. Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the Division of Oil, Gas & Mining:

- a) prior to beginning construction;
- b) prior to spudding;
- prior to running any casing or BOP tests;
- d) prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall IMMEDIATELY be reported to the Division of Oil, Gas & Mining.

API Well Number: 43007502510000 SURFACE LEASE #: (BURNSIDE) **GORDON CREEK SE-29-14S-8E** MINERAL LEASE #: (BURNSIDE) SE/4 OF SE/4, 868.98' FSL + 471.86' FEL AFE: 11DRL020 DRILLED WITH AIR WORKING INTEREST: 100% RIG: DRILL DAYS BELOW SURFACE CASING SHOE: **EMERGENCY PLANNING ZONE SUMMARY** Survey Grd. Ele: 7,494.9' BOP'S 9" 3000 # SWEET WELL: THUNDERBIRD'S CORPORATE EMERGENCY RESPONSE PLAN Est. KB Elev: 7,507 CASING BOWL **APPLIES** 12.1' KB VERTICAL WELL CASING DESIGN 8 .625' Interval (ft) O.D. (inches) Burst (psi) Grade #/ft Casing Set @ ~450' (isq) (ft lbs) J-55 ST&C 2.950 1.370 2 440 0 - 450 8 <sup>5</sup>/<sub>8</sub> Surface: LT&C 6.280 3.480 Main: 0 - 4.127 5 1/2 \*ENSURE THAT MARKER JOINTS ARE PLACED IN THE CASING STRING OPPOSITE ANY PAY ZONE Surface TOPS ft TVD ARGET: FERRON SANDSTONE/COAL; CASING TO BE CUT 16" ABOVE CASING BOWL Emery Fm. Sfc. CEMENTING PROGRAM - Primary - Single Stage SURFACE CASING 450 Bit Size Volume (sx) % Excess Cmt Top (ft) Additives Cement (gal) (ft<sup>3</sup>/sk) 2% CaCl<sub>2</sub> 15.84 1.142 212.0 100 Surface 0-1-0 "G" Cellophane BASE OF GROUNDWATER TBD flakes 3% NaCl, 0.3% Air-out, 42% Superball, 1.5% SFI-300, 0.2% SCR-2 10.70 359 0 SFC 2.69 Main: DRILLING FLUIDS Type Interval 7.875 Drill with water, mud up with gel chem if water influx occurs. Surface : Hole ition mud thoroughly prior to POOH to run/cement casing MUD UP ONLY if water influx occurs or if TIGHT HOLE 450 - 3.600 AIR MUD UP ONLY IF WATER Main: conditions become prevailant. MUD UP at ~ 3,600' to TD. 3 600-4 127 INFLUX OCCURS OR TIGHT HOLE CONDITIONS OCCUR 11" SURFACE HOLE Spud with an approved water well/surface casing rig and drill to surface TD of about 450 ft. Survey every 100'. Ensure that the surface hole deviation does not exceed 3 degrees. Set Begin taking samples surface casing at least 50' below any water influx zone. on Geologists orders NOTE: MUD UP with Gel Chemical mud system immediately if water influx becomes problematic. Refer to the Mud Program and the Cementing Program for futher information. ove rig off of location once surface casing s set. 7 7/8" MAIN HOLE: VERTICAL HOLE Move on conventional drilling rig and drill out with and AIR DRILL as far as possible with air. rivey every 300'. Ensure that deviation does not exceed 3 degrees. Notify Calgary Blue Gate Shale Mbr \*\* 1,753 operations immediately if a 3 degree deviation is exceeded. - TIGHT HOLE is possible on connections. REAM HOLE at first indication of tight hole and attempt to continue to air drill. COAL/SHALE SEAMS can occur in the wellbore which may be faulted and unconsolidated resulting in sloughing hole conditions. H<sub>2</sub>S WILL NOT be encountered. MUD UP ONLY if water influx occurs OR if tight hole conditions become prevailant. OVER PRESSURE: Generally, all zones in the wellbore should be underpressured (below normal water graidient) or have normal pressure gradients. - LOST CIRCULATION should only have the potential to occur when drilling with fluids. ENSURE AND ADEQUATE AMOUNT OF LCM IS ON LOCATION AT ALL TIMES. - FERRON SS/COAL PENTRATION - ATTEMPT TO AIR DRILL THROUGH THE FERRON ZONE. WATER may be encountered upon penetration. Ensure good hole conditions are prevalent to penetrating the FERRON. MUD UP - switch to a Gel Chem drilling fluid system at ~3.600' OR if water/tight hole problems occur Mud Check - prior to POOH for logging, condition the mud and check mud properties with mudman. DO NOT POOH until the wellbore is circulating free of cuttings and the mud properties are optimal for logging. Lower Bluegate NOTE: Ensure the well is cemented to surface on both casing strings. Contact the 3,522 **Bentonite Marker** Operations Supervisor if any casing string cement job does not obtain returns to surface. FERRON SS/COAL \* 3.657 (750 psi) SAMPLE REQUIREMENTS/ EVALUATION AIR DRILL THROUGH ZONE IF POSSIBLE T-BIRD Begin taking 2 sets of samples every 10 feet at 2,950' to TD GOVT: As per regulations Detection: Gas detection/ PASON Mud Log as per Geologist's request. 5.500" **Tununk Shale** 4,069' CASING Cores: No coring SET AT No DST's LOGGING PROGRAM - NUMBER OF COPIES OF EACH LOG: # of copies PRIMARY ZONE OF INT.
\*\* SECONDARY ZONE DIL-GR-SP T.D. to surface casing CNL-LDT-GR-CAL T.D. to 2,950' 4,127 TD Run a multi-arm caliper log to ensure correct calculation for cement volumes on casing or plugs.

#### **EXHIBIT "A"**

# CASING DESIGN GORDON CREEK ST SE-29-14-8 PROJECTED TD: 4,127' KB

### SURFACE CASING (0' - 450')

Diameter 8 5/8"

Interval 450' to Surface

#### **Burst Design**

The recommended practice is to base the burst rating of the casing string in psi to be at least numerically equal to 0.225 psi/ft times the setting depth in feet of the next casing string. The rating chosen was also intended to match the BOPE pressure rating and exceed the highest possible surface pressure of approximately 936 psig.

Burst required = 0.225 x 4,127 929 psig

Burst rating of casing string: 2,950 psi

Safety factor = 2,950 psi / 929 psi = 3.18

#### Collapse Design

Collapse pressure is negligible on this surface string.

#### Tension Design

String weight in air 10,800 #
Tensile strength of joint 244,000 lbf
Safety factor of joint 22.6

## PRODUCTION CASING (0' - 4,127')

Diameter 5 ½"

Interval 4,161' to surface

Weight 17 #/ft
Grade N-80
Coupling LT&C

#### **Burst Design**

An internal pressure gradient of 0.4863 psi/ft has been used as a basis for these calculations. This gradient is equivalent to the force exerted by 10 ppg drilling fluid, which is a much higher density of fluid than we anticipate being required to drill this well.

Burst rating of casing string: 7,740 psi

Burst rating required: 4,127' X 0.4863 = 2,007 psig

Safety factor = 7,740 psi / 2,007 psi = <u>3.86</u>

#### **Tension Design**

1.6 Safety factor of top joint, neglecting buoyancy and without over pull.

Tensile rating of casing joint: 348,000 lbf

String Weight:  $4,127' \times 17 \#/\text{ft} = 70,159 \text{ lbf}$ **Safety factor** = 348,000 lbf / 70,159 lbf = 4.96

#### Collapse Design

Maximum anticipated mud weight is 10.0 ppg based on a mud gradient of 0.53 psi/ft.

Collapse rating of csg string: 6,280 psi

Collapse rating required: 4,127' X 0.53 psi/ft = 2,187 psi

Safety factor = 6,280 psi / 2,187 psi = 2.87

#### **Production Casing Design**

Interval	Weight	Grade	S.F.	S.F.	S.F.
(ft)	(#/ft)		Burst	Collapse	Tension
4,127′ – 0′	17	N-80	3.86	4.96	2.87

#### **MULTI-POINT SURFACE USE PLAN**

Attached to UDOGM Form 3

#### **GORDON CREEK, LLC.**

#### SE-29-14-8

SURFACE LOCATION:

868.98' FSL & 471.86' FEL

SE/4 of SE/4 of Section 29-14S-8E

Carbon County, Utah

#### 1. EXISTING ROADS

- a. We do not plan to change, alter or improve upon ANY existing State or County roads.
- b. Existing roads will be maintained in the same or better condition.

#### 2. PLANNED ACCESS

- a. Access into location begins in Section 28 off of the Benches County road. The State of Utah School and Institutional Trust Lands Administration has granted Thunderbird Energy / Gordon Creek, LLC. A 60-day temporary access permit to utilize this access and roadway through the SE corner of Section 28. Access continues into and through Section 29 on land owned by Lanny Burnside with whom we have a surface use agreement verbally agreed to and which will be signed off by both parties imminently. The entire planned route will follow an existing and upgraded "2-track" trail that will be re-conditioned to ensure adequate access.
- b. If the well is productive, the road will be maintained as necessary to prevent soil erosion and maintain year-round traffic. However, we may allow the access road to be gated and closed off during winter production operations and access the site with a snowmobile or other winter ATV.
- c. Maximum Width: 24' travel surface with 27' base.
- d. Maximum grade: 25%
- e. Road culverts may be required. Surface water will be diverted around the well pad as necessary.
- f. Any power lines and / or pipelines to/from the well will follow the proposed access route.

#### 3. LOCATION OF EXISTING WELLS

a. As shown on the Civil Location Survey Plat for the well.

#### 4. LOCATION OF EXISTING and/or PROPOSED FACILITIES

a. If the well is a producer, installation of required production facilities will follow the drilling and completion phase of well operations. Buried flow lines, water lines and electrical cable will follow the proposed access road and other existing access ROWs to the intersection with Thunderbird's main 12' pipeline corridor.

b. Rehabilitation of all pad areas not used for production facilities will be made in accordance with landowner stipulations.

#### 5. LOCATION AND TYPE OF WATER SUPPLY

- a. All water to be used for drilling operations will be obtained from area water wells drilled and owned by Gordon Creek, LLC.
- b. Water will be transported to location by truck over approved access roads.

#### 6. SOURCE OF CONSTRUCTION MATERIALS

- a. Any necessary construction materials needed will be obtained locally from a private source and hauled to the location on existing roads.
- b. No construction or surfacing materials will be taken from Federal / Indian lands.

#### 7. METHODS FOR HANDLING WASTE DISPOSAL

- a. Rather than utilizing a "mud pit" on each drilling location, we will be utilizing one large "remote sump" pit per approximately 4-6 wells drilled to hold the drilled solids and drilling fluids required during the drilling of those 4 wells. This remote sump will be centrally located on one of the drilling locations. Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth side within 24 hours after drilling operations cease with four strands of barbed wire, or woven wire topped with barbed wire to a height of not less than four feet. The fence will be kept in good repair while the pit is drying.
- b. As the majority of each well is expected to be air drilled, a small reserve "blooie" pit will be constructed with a minimum of one-half the total depth below the original ground surface on the lowest point within the pit. The pit will not be lined unless conditions encountered during construction warrant it or if deemed necessary by the DOGM Representative during pre-site inspection. Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth side within 24 hours after drilling operations cease with four strands of barbed wire, or woven wire topped with barbed wire to a height of not less than four feet. The fence will be kept in good repair while the pit is drying.
- b. Following drilling, the liquid waste will be evaporated from any pit and the pit backfilled and returned to natural grade. No liquid hydrocarbons will be discharged to the reserve pit or location.
- c. In the event that wellbore fluids are produced, any oil will be retained in tanks until sold and any water produced will be retained until its quality can be determined. The quality and quantity of the water will determine the method of disposal.
- d. Trash will be contained in a portable metal container and will be hauled from location periodically and disposed of at an approved disposal site. Chemical toilets will be placed on

location and sewage will be disposed of at an appropriate disposal site.

#### 8. ANCILLARY FACILITIES

a. We anticipate no need for ancillary facilities with the exception of a trailer to be located on the drill site.

#### 10. WELLSITE LAYOUT

- a. Gordon Creek, LLC. has reduced to surface lease size (area stripped and levelled) for this location to the smallest lease size possible to accommodate the required drilling rig and support equipment.
- b. Any available topsoil will be removed from the location and stockpiled. The location of the rig, mud tanks, reserve and berm pits and all other drilling support equipment will be located as per common oilfield rig layouts.
- b. A blooie pit will be located 100' from the drill hole. A line will be placed on the surface from the center hole to the blooie pit. The blooie pit will not be lined, but will be fenced on four sides to protect livestock/wildlife.
- c. Access to the well pad will be as shown on the Civil Location Survey Plat for the well.
- d. Natural runoff will be diverted around the well pad.

#### 10. PLANS FOR RESTORATION OF SURFACE

- a. All surface areas not required for producing operations will be graded to as near original condition as possible and contoured to minimize possible erosion.
- b. Available topsoil will be stockpiled and will be evenly distributed over the disturbed areas and the area will be reseeded as prescribed by the landowner.
- c. Pits and any other area that would present a hazard to wildlife or livestock will be fenced off when the rig is released and removed.
- d. Rehabilitation will commence following completion of the well. Rat and mouse holes will be filled in immediately upon release of the drilling rig from the location. If the well site is to be abandoned, all disturbed areas will be re-contoured to the natural terrain found prior to location construction.

#### 11. SURFACE OWNERSHIP

a. The well site and access road are on and across lands owned by Lanny Burnside, with whom we have a surface use agreement verbally agreed to and which will be signed off by both parties imminently. The operator shall contact the landowner and the Division of Oil, Gas and Mining 48 hours prior to beginning construction activities.

#### 12. OTHER INFORMATION

- a. The primary surface use is wildlife habitat and/or cattle grazing. The nearest dwelling is approximately 13.5 miles east (Price, Utah).
- b. If there is snow on the ground when construction begins, it will be removed before the soil is disturbed and piled downhill from the topsoil stockpile location.
- c. The back-slope and fore-slope will be constructed no steeper than 4:1.
- d. All equipment and vehicles will be confined to the access road and well pad.
- e. A complete copy of the approved Application for Permit to Drill (APD,) including all conditions and stipulations shall be on the well-site during construction and drilling operations.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the Division of Oil, Gas & Mining.

#### 13. COMPANY REPRESENTATIVE

Barry Brumwell, C.E.T.

Vice President, Operations

Gordon Creek LLC., a wholly owned subsidiary of

Thunderbird Energy Corp.

#550, 1010 – 1<sup>st</sup> Street S.W.

Calgary, Alberta, Canada

(403) 453-1608 (office)

(403) 818-0696 (mobile)

bbrumwell@thunderbirdenergy.com

#### 14. CERTIFICATION

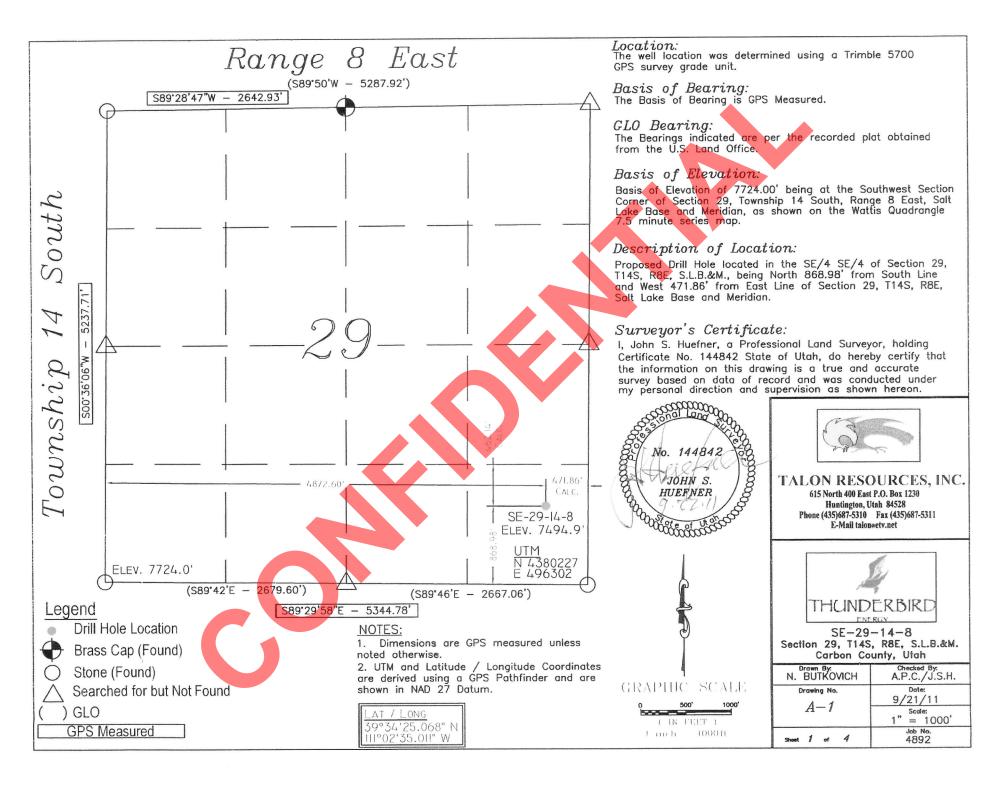
I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed by Gordon Creek, LLC. and its subcontractors in conformity with this plan and the terms and conditions under which it is approved.

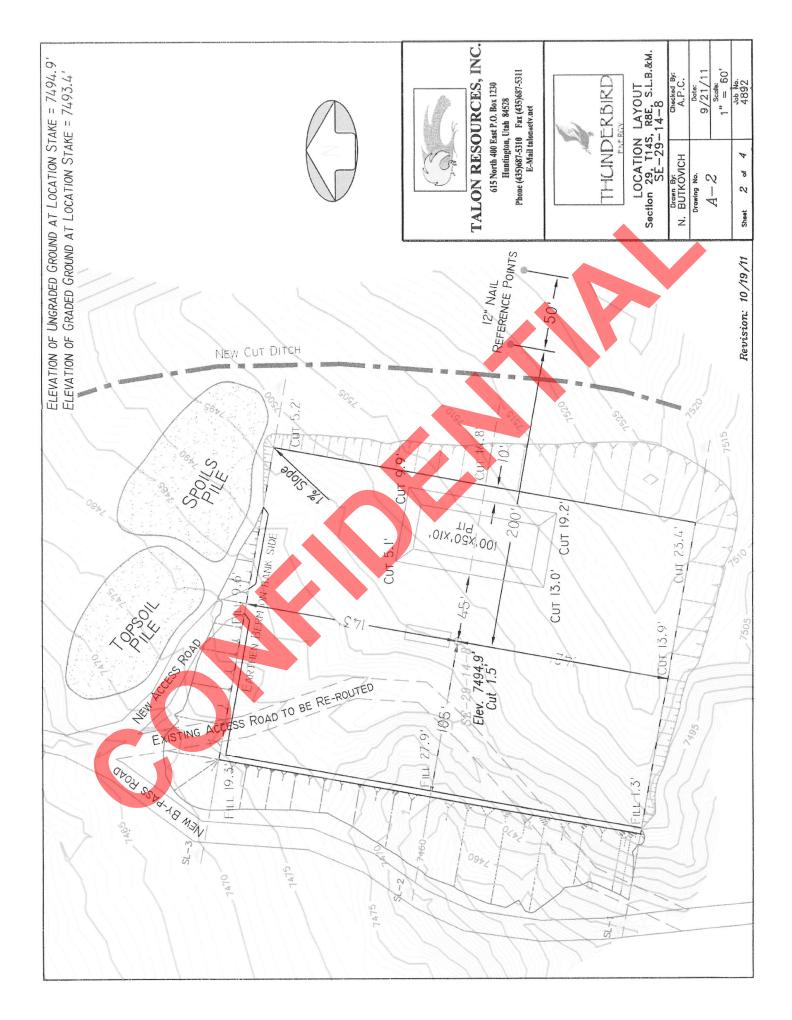
10 19 2011

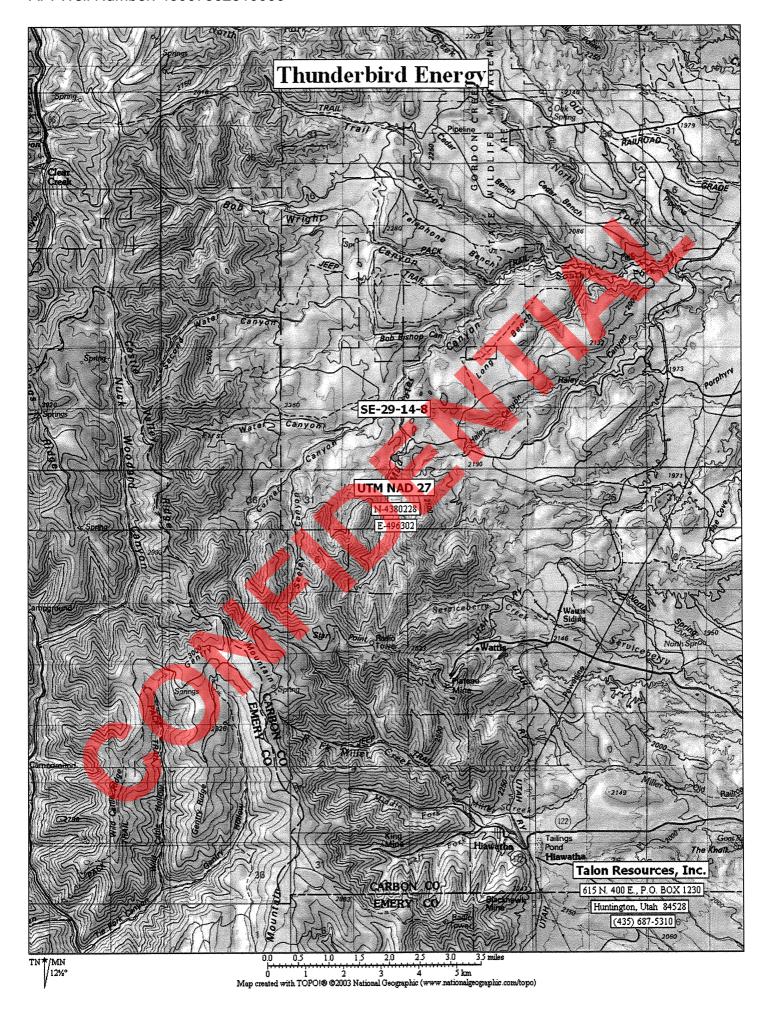
Barry Brumwell, C.E.T.

Vice President, Operations

Gordon Creek LLC. / Thunderbird Energy Inc.









September 27<sup>th</sup>, 2011

Utah Division of Oil, Gas and Mining 1594 West North Temple, Suite 1210 Box 145801 Salt Lake City, Utah 84114-5801

Re: Affidavit of status of Surface Owner Agreement

This letter may serve as notice that Gordon Creek, LLC., as a wholly owned subsidiary of Thunderbird Energy Corp. do hereby rightfully hold a Paid Up Oil and Gas Surface Use and Mineral Lease numbered Bk 599 Pg 645 for the following lands:

#### Township 14 South, Range 8 East, SLM

Section 29: SESE, NWNE

I certify this to be true and accurate, to the best of my knowledge.

Signed

Signed By:

Barry Brumwell, C.E.T.

**Vice President of Operations** 

Thunderbird Energy

Gordon Creek, LLC.

Ent 113100 Bk 599 Pg 645 Date: 25-AUG-2005 11:57AM Fee: \$16.00 Check Filed By: KR SHARON MURDOCK, Recorder CARBON COUNTY CORPORATION FOT: FOCUS ENERGY

599/645

PRODUCERS 88-PAID UP

#### OIL AND GAS LEADE

AGREEMENT, Made and entered into the 15th day of August, 2005, by 2nd between Lannie K. Burnside, AKA Lanny K. Burnside and Kelly P. Burnside, husband and wife, whose post office address is PO Box 297, Humington, UT 84528 hereinafter called Lessor (whether one or more) and Focus Energy LLC whose address is 216 16th Street, Suite 1220, Denver, CO 80202 hereinafter called Lessor:

WITNESSETH. That the Lessor, for and in consideration of Tea-and-more Dollars (\$10.00±) each-in-band-paid-the-receipt-of-whielt is hereby-acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased, and let, and by these presents does grant, demise, lease, and let exclusively onto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and all gas of whatsever nature or kind, specifically including coalbed methane and any and all substances produced in association therewith from coal-bearing formations, with rights of way and essements for laying pipe lines, and erection of structures thereon to produce, save, and take care of said products, all that certain tract of land situated in the County of Carbon, State of Utah, described as follows, to-wit:

Township 14 South, Range 8 East, SLM Section 29: SESE, NWNE Section 30: SESW, N2SE Section 31: Lot 7 (SESE)

including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise. Notwithstanding any particular description, it is nevertheless the intention of Lessor to include within this lease, and Lessor does hereby lease, not only the land so described but also any and all other land owned or claimed by Lessor in the berein named survey or surveys, or in adjoining surveys, and adjoining the herein described about also and nights acquired or retained by Lessor by avulsion, accretion, reliction or otherwise as the result of a change in the boundaries of centerline of any river or stream traversing or adjoining the lands described above, as well as all riparian lands and rights which may be inclient, appurtment, related or right-of-way traversing or adjoining the lands described above, which are or may be incident, appurtment, related or attributed to Lessor in any lake, reservoir, stream or river traversing or adjoining the lands described above, which are or may be incident, appurtment, related or attributed to Lessor by virtue of Lessor's ownership of the lands described above. For the purpose of determining the boous or any other payments hereinafter provided for, said land is estimated to comprise 237.54 acres, whether it actually comprises more or less. 237.54 acres, whether it actually comprises more or less.

237.54 ecres, whether it actually comprises more or less.

1. It is agreed that this lease shall remain in force for a term of five (5) years from this date and as long thereafter as oil or gas of whatsoever nature or kind, specifically including coalbed methane and any and all substances produced in association therewith from coal-bearing formations, is produced from said leased premises or on acreage pooled therewith, or diffling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith, the produced on the leased premises or on acreage pooled therewith that lease shall continue in force so long as operations are being continuously prosecuted if not more then ninety (90) days shall clause between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or reworking operations within ninety (90) days from date of completion of dry bole. If oil or gas shall be discovered and produced as a result of such operations within ninety (90) days from date of conspliction of fine down cash gas shall be discovered and produced as a result of such operations to or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith.

2. This is a PAID-UP LEASE. In consideration of the down each payment, Lesses agrees that leases all not be obligated, except as otherwise provided berein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surreduced this lease as to all or any portion of said land and as to any straia or stratum

3. In consideration of the premises the said Lessee covenants and agrees:

1\*. To deliver to the credit of Lessor, free of cost, in the pipeline to which Lessee may connect wells on said land, fourteen percent (14.0%) of all oil

3. In consideration of the premises the said Lessee coverams and agrees:

1st. To deliver to the credit of Lessor, free of cost, in the pipeline to which Lessee may connect wells on said land, fourteen percent (14.0%) of all oil produced and saved from the leased premises.

2st. To pay Lessor for gas of whatsoever nature or kind (with all of its constituents) produced and sold or used off the leased premises, or used in the manufacture of products therefrom fourteen percent (14.0%) of the actual amount received by the Lessee, said spayments to be made monthly.

4. During any period (whether before or after expiration of the primary term hereof) when gas is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, Lessee shall pay or tender a royalty of One Dollar (\$1.00) per year per net acre covered hereby, such payment or tender to be made on or before the maniversary date of this lease next ensuing after the expination of ninety (90) days from the date such well is shut in and thereafter on the auniversary date of this lease during the period such well is shut in, to the royalty owners.

When such payment or tender is made, it will be considered that gas is being produced within the meaning of the entire lease.

5. It said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the oryalises (including any shut-in gas royalty) herein provided for shall be paid the to the Lessor only in the proportion which Lessee's operation thereon, except water from the wells of Lessor.

6. Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor.

7. When requested by Lessor, Lessee shall bury Lessee's appealment by one depth.

8. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written conse

constructive, shall be binding on Lessee. No present or name division of Lesson's conducted without regard to any such division. If all or any part of this lease is assigned, no least-hold owner shall be liable for any zet or omission of any other least-hold owner.

12. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the least-hold estate and the mineral estate covered by this lease with other land, lesse, or leases in the immediate vicinity for the production of oil and gas, or separately for the production of oil and gas, or separately for the production of oil either, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease, or leases, judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease, or leases, judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease, or leases, judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease, or leases, judgment it is necessary or advisable to a lease of the production of the mineral authority and proportion of a well such in for want of a market under this lease. In tieu of the royalties elsewhere herein specified, including shut-in gas revorking operations or a well shut in for want of a market under this lease. In tieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production than the total number of surface acres covered by this lease and included in the unit beases that were production, from time to time, with like ap

any such Law, Order, Rule, or Regulation.

14. Lessor hereby warrants and agrees to defend the title to the lands berein described, and agrees that the Lessoe shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes, or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessor, for themselves and their heirs, successors, and assigns, hereby surrender and release all right of dower and homestead may in any way affect the purposes for which this lesse is made, as recited herein.

15. Extension of Primary Term. For the consideration herein recited, Lessor bereby grates to Lessee the exclusive right and option to extend the primary term of this lease for fire (5) additional years by mailing to Lessor at the address listed on this lease, on or before the end of this primary term, a bonus consideration negat to one hundred thirty three and one-third percent (133.34%) of the bonus consideration originally paid for this lease, which payment shall represent payment in full of

Consideration for this extension.

16. Should any one or more of the parties hereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute in a Lessor. The word "Lessor," as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors, and assigns of Lessor and Lessee.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

STATE OF UTAH

COUNTY OF 

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 

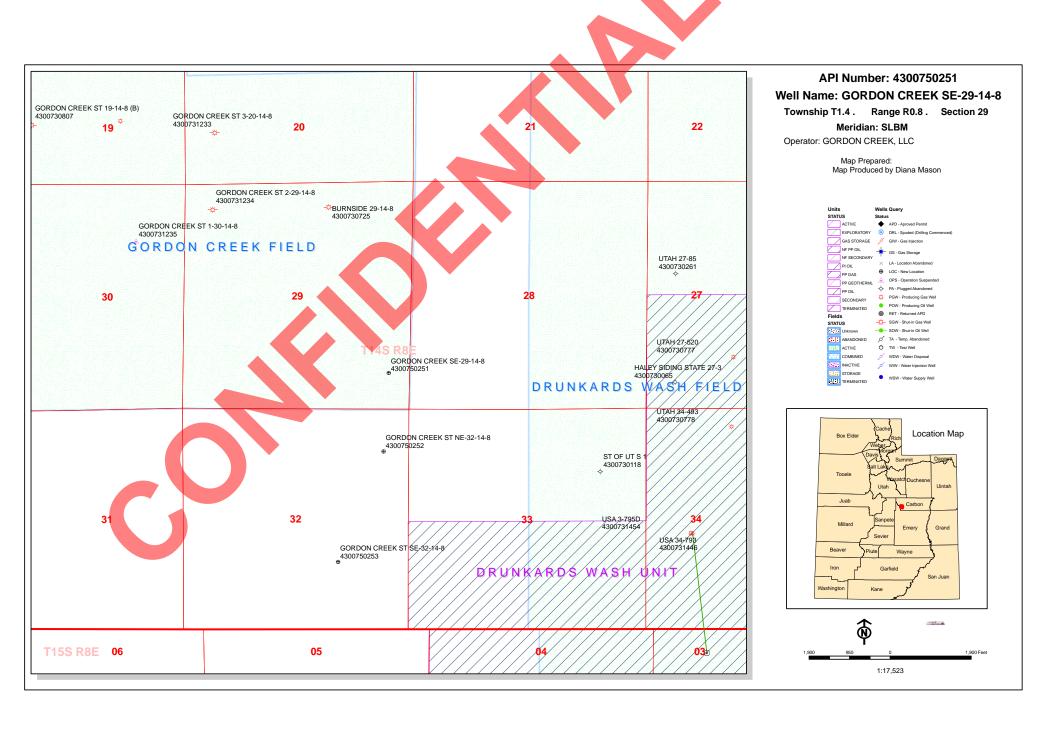
Parties of the undersigned, a Notary Public, in and for said County and State, on this 

and who executed the within and foregoing instrument of writing and acknowledged to me that they duly executed the same as their free and voluntary act and deed for the purposes therein set forth.

IN WITNESS WHEREOF. I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My Commission Expires 

1. 20. 20.5



#### BOPE REVIEW GORDON CREEK, LLC GORDON CREEK SE-29-14-8 43007502510000

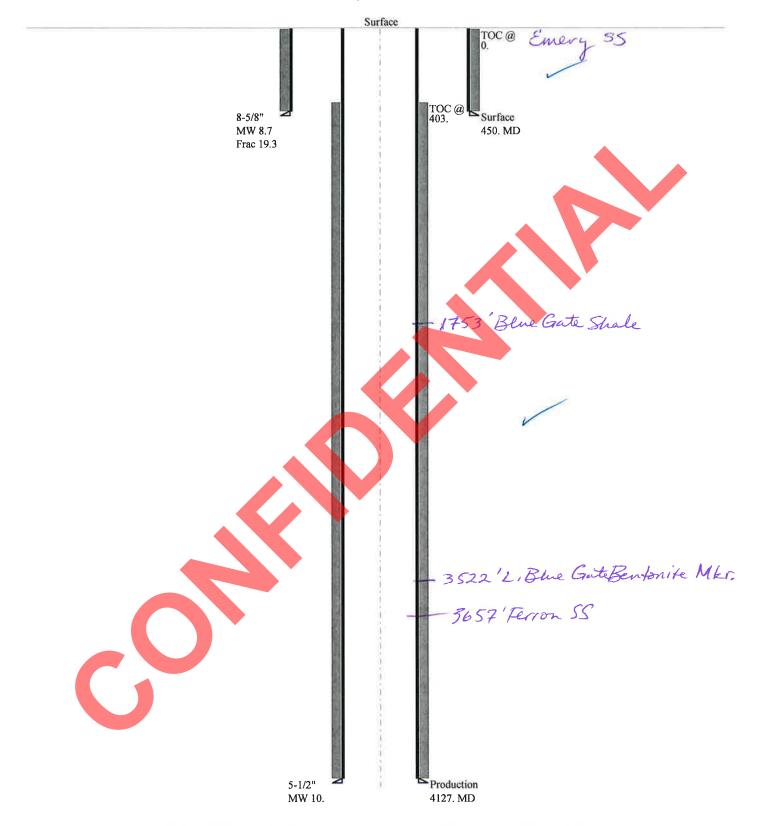
Well Name		GORDON CRI	EEK, LLC G	ORD	ON CREEK SI	E-29-1	14-8 430075	
String		SURF	PROD	][				
Casing Size(")		8.625	5.500	7		iΓ		
Setting Depth (TVD)		450	4127	7		i		
Previous Shoe Setting Dep	th (TVD)	0	450	Ħ	,			
Max Mud Weight (ppg)		8.7	10.0	Ħ	,			
BOPE Proposed (psi)		500	3000	╡				
Casing Internal Yield (psi)	,	2950	7740	╡	<u>,                                    </u>			
Operators Max Anticipate		1700	7.9	₩	<u>,                                    </u>			_
- F		1700	1.9		]	<u> </u>		
Calculations	SUR	F String			8.6	525	"	
Max BHP (psi)		.052*Settii	ng Depth*	ΜW	204			
						I	BOPE Ade	quate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max	x BHP-(0.12*	Setting De	pth)	150		YES	air drill
MASP (Gas/Mud) (psi)	Max	x BHP-(0.22*	Setting De	pth)	105		YES	ОК
						*	*Can Full	Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP22*(Setting D	epth - Previou	is Shoe De	pth)	105		NO	ОК
Required Casing/BOPE To	est Pressure=				450	F	osi	
*Max Pressure Allowed @	Previous Casing Shoe=				0		osi *Assu	imes 1psi/ft frac gradient
0.1.1.0	77.0	<b>.</b>				.00		
Calculations	PRO	D String	D 4*	4337	5.5	00 '		
Max BHP (psi)		.052*Settii	ng Depun*	VIW	2146	4	DODE A J	
MASP (Gas) (psi)	May	x BHP-(0.12*	Satting Da	nth)				quate For Drilling And Setting Casing at Depth?
							YES	
MASP (Gas/Mud) (psi)	Max	x BHP-(0.22*	Setting De	ptn)	1238	= -	YES	OK
Pressure At Previous Shoe	May RHP- 22*(Setting D	enth - Previou	s Shoe De	nth)		= -		Expected Pressure Be Held At Previous Shoe?
Required Casing/BOPE To		epin - 1 ieviot	is shoc be	pur)	1001	= -	NO	Reasonable
					3000	= -	osi	1 '/0 C
*Max Pressure Allowed @	Previous Casing Snoe=				450	F	osi *Assı	ımes 1psi/ft frac gradient
Calculations	S	tring				Ţ.	"	
Max BHP (psi)		.052*Settii	ng Depth*	ИW		= -		
					1	I	BOPE Ade	quate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max	x BHP-(0.12*	Setting De	pth)	=		NO	
MASP (Gas/Mud) (psi)	Max	x BHP-(0.22*	Setting De	pth)		7	NO	
					-	*	*Can Full	Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP22*(Setting D	epth - Previou	ıs Shoe De	pth)			NO	
Required Casing/BOPE To	est Pressure=					F	osi	
*Max Pressure Allowed @	Previous Casing Shoe=					F	osi *Assı	ımes 1psi/ft frac gradient
					I.			
Calculations	S	tring				<u>'</u>	"	
Max BHP (psi)		.052*Settii	ng Depth*	MW		4		
7.10P (G. ) ( "	ļ	DVV= // :-	a =		-	I	BOPE Ade	quate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)		x BHP-(0.12*				_][	NO	
MASP (Gas/Mud) (psi)	Max	x BHP-(0.22*	Setting De	pth)			NO	
					-	*	*Can Full	Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe		epth - Previou	is Shoe De	pth)			NO	
Required Casing/BOPE Test Pressure=					r	osi		

\*Max Pressure Allowed @ Previous Casing Shoe= psi \*Assumes 1psi/ft frac gradient



## 43007502510000 GORDON CREEK SE-29-14-8

**Casing Schematic** 



Well name:

43007502510000 GORDON CREEK SE-29-14-8

Operator:

**GORDON CREEK, LLC** 

String type:

Surface

Project ID:

Location:

**CARBON** COUNTY 43-007-50251

Design parameters: Collapse

Mud weight: 8.700 ppg Design is based on evacuated pipe.

Minimum design factors: Collapse: Design factor

**Environment:** 

H2S considered? Surface temperature: Bottom hole temperature:

No 74 °F 80 °F

Temperature gradient: Minimum section length: 1.40 °F/100ft

100 ft

Burst:

Design factor

1.00

1.125

Cement top: Surface

**Burst** 

Max anticipated surface

No backup mud specified.

pressure: Internal gradient: Calculated BHP

396 psi 0.120 psi/ft

450 psi

**Tension:** 

8 Round STC: 1.80 (J) 8 Round LTC: 1.70 (J) 1.60 (J)

Buttress: Premium: 1.50 (J)

Body yield:

1.50 (B)

Tension is based on air weight. Neutral point: 391 ft Non-directional string.

Re subsequent strings:

Next setting depth: 4,127 ft Next mud weight: 10.000 ppg Next setting BHP: 2,144 psi Fracture mud wt: 19.250 ppg

Fracture depth: 450 ft Injection pressure: 450 psi

Run	Segment		Nominal		End	True Vert	Measured	Drift	Est.
Seq	Length	Size	Weight	Grade	Finish	Depth	Depth	Diameter	Cost
	(ft)	(in)	(lbs/ft)			(ft)	(ft)	(in)	(\$)
1	450	8.625	24.00	J-55	ST&C	450	450	7.972	2317
Run	Collapse	Collapse	Collapse	Burst	Burst	Burst	Tension	Tension	Tension
Seq	Load	Strength	Design	Load	Strength	Design	Load	Strength	Design
•	(psi)	(psi)	Factor	(psi)	(psi)	Factor	(kips)	(kips)	Factor
1	203	1370	6.736	450	2950	6.56	10.8	244	22.59 J

Prepared

Helen Sadik-Macdonald Div of Oil Gas & Mining

Phone: 801 538-5357 FAX: 801-359-3940

Date: October 13,2011 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 450 ft, a mud weight of 8.7 ppg The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Well name:

43007502510000 GORDON CREEK SE-29-14-8

Minimum design factors:

Operator:

**GORDON CREEK, LLC** 

String type:

Production

Project ID:

43-007-50251

Location:

**CARBON** 

COUNTY

**Environment:** 

Collapse

Mud weight:

Design parameters:

10.000 ppg

Design is based on evacuated pipe.

Collapse: Design factor

1.125

H2S considered? Surface temperature:

No 74 °F

Bottom hole temperature:

132 °F

Temperature gradient: Minimum section length: 1.40 °F/100ft

100 ft

Burst:

Design factor

1.00

Cement top:

403 ft

Burst

Max anticipated surface

No backup mud specified.

pressure:

1,236 psi 0.220 psi/ft

Internal gradient: Calculated BHP

2,144 psi

Tension:

8 Round STC:

8 Round LTC:

1.60 (J) **Buttress:** Premium:

Body yield:

1.50 (J) 1.60 (B)

1.80 (J)

1.80 (J)

Tension is based on air weight. Neutral point: 3,501 ft Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost (\$)	
1	4127	5.5	17.00	N-80	ĽŤ&C	4127	4127	4.767	23261	
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor	
1	2144	6290	2.934	2144	7740	3.61	70.2	348	4.96 J	

Prepared

Helen Sadik-Macdonald Div of Oil, Gas & Mining

Phone: 801 538-5357 FAX: 801-359-3940

Date: October 13,2011 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 4127 ft, a mud weight of 10 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

## **ON-SITE PREDRILL EVALUATION**

## Utah Division of Oil, Gas and Mining

**Operator** GORDON CREEK, LLC

Well Name GORDON CREEK SE-29-14-8

API Number 43007502510000 APD No 4703 Field/Unit GORDON CREEK

**Location: 1/4,1/4** SESE **Sec 29 Tw** 14.0S **Rng** 8.0E 869 FSL 472 FEL

GPS Coord (UTM) Surface Owner Lannie K. Burnside

#### **Participants**

M. Jones (UDOGM), Barry Brumwell, Steve Lessar, Larry Williams (Tbird), A. Childs, M. Childs (Talon), Lannie Burnside (surface owner).

#### Regional/Local Setting & Topography

Staked location sits in the upper Gordon Creek area of Carbon County, Utah. Major drainages dominate the area. The location is east of Corner Canyon. Access will begin at the conty road in section 28, proceed across SITLA lands via a temporary ROW permit through SITLA while a permanent ROW is developed. Access will continue further onto Burnside property to the proposed well pad. Access is then planned to proceed further to the south to access other SITLA surface and other potential well pads. Deep cut drainages are abundant and will need attention and consideration during all phases of this fields development and operations. Consideration to drainage diversion and control where possible is mandatory. A pit was discussed during the pre-site. This pit would potentially be a centralized pit that cuttings and drill fluids would be trucked to via vac trucks. A diversion above the location was discussed during the pre-site to keep run-off from the hill spilling onto the well pad. How the access would continue past the location was discussed with the operator and the landowner. Mr. Burnside was satisfied with the plans on his property during the pre-site inspection.

#### Surface Use Plan

**Current Surface Use** 

Grazing

Wildlfe Habitat

New Road Miles Well Pad Src Const Material Surface Formation

1 Width 210 Length 285 Onsite

**Ancillary Facilities** 

#### Waste Management Plan Adequate?

#### **Environmental Parameters**

Affected Floodplains and/or Wetlands N

Flora / Fauna

Sagebrush, grasses, pinion.

Soil Type and Characteristics

rocky clay loam.

**Erosion Issues** Y

Erosive upon disturbance.

**Sedimentation Issues** N

10/27/2011 Page 1

#### Site Stability Issues N

#### **Drainage Diverson Required?** Y

Divert drainages around and away from access road and well pad.

#### Berm Required? Y

Berm the location to prevent fluids from entering and or leaving the well pad.

#### **Erosion Sedimentation Control Required?** N

Paleo Survey Run? N Paleo Potental Observed? N Cultural Survey Run? N Cultural Resources? N

#### **Reserve Pit**

Site-Specific Factors	Site Rai	nking	
Distance to Groundwater (feet)	>200	0	
Distance to Surface Water (feet)	>1000	0	
Dist. Nearest Municipal Well (ft)	>5280	0	
Distance to Other Wells (feet)	>1320	0	
<b>Native Soil Type</b>	High permeability	20	
Fluid Type	Fresh Water	5	
Drill Cuttings	Normal Rock	0	
Annual Precipitation (inches)	10 to 20	5	
Affected Populations			
Presence Nearby Utility Conduits	Not Present	0	
	Final Score	30	1 Sensitivity Level

#### **Characteristics / Requirements**

Dugout earthen pit is planned. Dimensions will be 100' x 50' x 10'. This is planned as a centrally located pit that will handle cuttings and fluids from 3 to 4 other wells being drilled in the area. Those cuttings and fluids will be drilled in a closed loop type system and transported via vac truck to this pit for storage and potentially permanent disposal.

Closed Loop Mud Required? N Liner Required? Y Liner Thickness 16 Pit Underlayment Required? N

#### Other Observations / Comments

Evaluator	Date / Time
Mark Jones	10/4/2011

10/27/2011 Page 2

## **Application for Permit to Drill Statement of Basis**

10/27/2011 Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	<b>Surf Owner</b>	<b>CBM</b>
4703	43007502510000	LOCKED	GW	P	No
Operator	GORDON CREEK, LLC		<b>Surface Owner-APD</b>	Lannie K. Bur	nside
Well Name	GORDON CREEK SE-29-14	4-8	Unit		

Field GORDON CREEK Type of Work

**Location** SESE 29 14S 8E S 869 FSL 472 FEL GPS Coord (UTM) 496292E 4380239N

#### **Geologic Statement of Basis**

Tunderbird Energy proposes to drill the well to a total depth of 4,127' and plans to set surface casing from 0'-450'. The surface string will be drilled using air unless hole conditons require the need to "mud-up" with water and gel chem. Within a 10,000 foot radius of the center of section 29, there are 116 filed water rights, however, only two are subsurface groundwater rights. Gordon Creek, LLC, has applied to drill a water-well to produce 4 acre-feet of water for oil & gas field operations. Klabzuba Oil & Gas, Inc. has a water supply well for oil & gas field operations, however, no other well information is available; it is assumed that the water is being drawn from the Emery Sandstone. This location is within a small north-south trending graben valley. The poorly permeable silty soil has been formed from the erosion of the Upper Blue Gate Member of the Mancos Shale. Several units of the Emery Sandstone Member of the Mancos Shale are present at the near surface or within the subsurface, these strata should be included within the interval to be protected by the surface casing string. The operator should be informed of the likelihood of these units being water saturated and to respond to protecting these zones by extending the surface casing as necessary. Proposed surface casing and cement should adequately isolate any shallow zones containing water.

Ammon McDonald **APD Evaluator** 

10/13/2011 **Date / Time** 

DRILL

#### **Surface Statement of Basis**

Staked location sits in the upper Gordon Creek area of Carbon County, Utah. Major drainages dominate the area. The location is east of Corner Canyon. Access will begin at the conty road in section 28, proceed across SITLA lands via a temporary ROW permit through SITLA while a permanent ROW is developed. Access will continue further onto Burnside property to the proposed well pad. Access is then planned to proceed further to the south to access other SITLA surface and other potential well pads. Deep cut drainages are abundant and will need attention and consideration during all phases of this fields development and operations. Consideration to drainage diversion and control where possible is mandatory. A pit was discussed during the pre-site. This pit would potentially be a centralized pit that cuttings and drill fluids would be trucked to via vac trucks. A diversion above the location was discussed during the pre-site to keep run-off from the hill spilling onto the well pad. How the access would continue past the location was discussed with the operator and the landowner. Mr. Burnside was satisfied with the plans on his property during the pre-site inspection.

Mark Jones 10/4/2011
Onsite Evaluator Date / Time

#### Conditions of Approval / Application for Permit to Drill

**Category** Condition

Pits A synthetic liner with a minimum thickness of 16 mils shall be properly installed and maintained in the reserve pit.

Surface The well site shall be bermed to prevent fluids from leaving the pad.

Surface Drainages adjacent to the proposed pad shall be diverted around the location. SPECIFICALLY: A diversion ditch will be

necessary along the east side of the location to allow storm runoff to move south to north.

Surface The reserve pit shall be fenced upon completion of drilling operations.

RECEIVED: October 27, 2011

## WORKSHEET APPLICATION FOR PERMIT TO DRILL

**APD RECEIVED:** 9/27/2011 **API NO. ASSIGNED:** 43007502510000

**WELL NAME:** GORDON CREEK SE-29-14-8 **OPERATOR:** GORDON CREEK, LLC (N3245)

**CONTACT:** Barry Brumwell

PROPOSED LOCATION: SESE 29 140S 080E Permit Tech Review:

SURFACE: 0869 FSL 0472 FEL Engineering Review:

BOTTOM: 0869 FSL 0472 FEL Geology Review:

COUNTY: CARBON
LATITUDE: 39.57185

UTM SURF EASTINGS: 496292.00
FIELD NAME: GORDON CREEK

LEASE TYPE: 4 - Fee

**LEASE NUMBER:** Burnside Bk599 Pg645 **PROPOSED PRODUCING FORMATION(S):** FERRON SANDSTONE

SURFACE OWNER: 4 - Fee COALBED METHANE: NO

#### RECEIVED AND/OR REVIEWED:

PLAT

**▶ Bond:** STATE - RLB0010790

Potash

Oil Shale 190-5

Oil Shale 190-3

Oil Shale 190-13

Water Permit: 91-5193

RDCC Review:

✓ Fee Surface Agreement

Inte<mark>nt</mark> to Com<mark>mi</mark>ngle

Commingling Approved

LOCATION AND SITING:

R649-2-3.

Unit:

R649-3-2. General

R649-3-3. Exception

Drilling Unit

Board Cause No: Cause 248-01

**Effective Date:** 5/16/2002

Siting: 460' Fr Outer Bdry & 920' Fr Other Wells

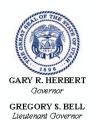
R649-3-11. Directional Drill

**Comments:** Presite Completed

**Stipulations:** 5 - Statement of Basis - Bhill

**PHONE NUMBER:** 403 453-1608

LONGITUDE: -111.04317 NORTHINGS: 4380239.00 API Well No: 43007502510000



## State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

#### Permit To Drill

\*\*\*\*\*

Well Name: GORDON CREEK SE-29-14-8

**API Well Number:** 43007502510000

Lease Number: Burnside Bk599 Pg645

**Surface Owner:** FEE (PRIVATE)

**Approval Date:** 10/27/2011

#### Issued to:

GORDON CREEK, LLC, 1179 E Main #345, Price, UT 84501

#### **Authority:**

Pursuant to Utah Code Ann. §40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of Cause 248-01. The expected producing formation or pool is the FERRON SANDSTONE Formation(s), completion into any other zones will require filing a Sundry Notice (Form 9). Completion and commingling of more than one pool will require approval in accordance with R649-3-22.

#### **Duration:**

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date

#### General:

Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

#### **Conditions of Approval:**

Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis (copy attached).

#### **Additional Approvals:**

The operator is required to obtain approval from the Division of Oil, Gas and mining before performing any of the following actions during the drilling of this well:

- Any changes to the approved drilling plan contact Dustin Doucet
- Significant plug back of the well contact Dustin Doucet
- Plug and abandonment of the well contact Dustin Doucet

#### **Notification Requirements:**

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

 Within 24 hours following the spudding of the well – contact Carol Daniels OR

submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website at http://oilgas.ogm.utah.gov

API Well No: 43007502510000

- 24 hours prior to testing blowout prevention equipment contact Dan Jarvis
- 24 hours prior to cementing or testing casing contact Dan Jarvis
- Within 24 hours of making any emergency changes to the approved drilling program contact Dustin Doucet
- 24 hours prior to commencing operations to plug and abandon the well contact Dan Jarvis

#### **Contact Information:**

The following are Division of Oil, Gas and Mining contacts and their telephone numbers (please leave a voicemail message if the person is not available to take the call):

- Carol Daniels 801-538-5284 office
- Dustin Doucet 801-538-5281 office

801-733-0983 - after office hours

• Dan Jarvis 801-538-5338 - office

801-231-8956 - after office hours

#### **Reporting Requirements:**

All reports, forms and submittals as required by the Utah Oil and Gas Conservation General Rules will be promptly filed with the Division of Oil, Gas and Mining, including but not limited to:

- Entity Action Form (Form 6) due within 5 days of spudding the well
- Monthly Status Report (Form 9) due by 5th day of the following calendar month
- Requests to Change Plans (Form 9) due prior to implementation
- Written Notice of Emergency Changes (Form 9) due within 5 days
- Notice of Operations Suspension or Resumption (Form 9) due prior to implementation
- Report of Water Encountered (Form 7) due within 30 days after completion
- Well Completion Report (Form 8) due within 30 days after completion or plugging

**Approved By:** 

For John Rogers Associate Director, Oil & Gas Sundry Number: 33073 API Well Number: 43007502510000

	STATE OF UTAH		FORM 9		
ι	DEPARTMENT OF NATURAL RESOUR DIVISION OF OIL, GAS, AND MII		5.LEASE DESIGNATION AND SERIAL NUMBER: Fee		
SUNDR	6. IF INDIAN, ALLOTTEE OR TRIBE NAME:				
	posals to drill new wells, significantly reenter plugged wells, or to drill horizon n for such proposals.		7.UNIT or CA AGREEMENT NAME:		
1. TYPE OF WELL Gas Well			8. WELL NAME and NUMBER: GORDON CREEK SE-29-14-8		
2. NAME OF OPERATOR: GORDON CREEK, LLC			9. API NUMBER: 43007502510000		
3. ADDRESS OF OPERATOR: 1179 E Main #345 , Price, l	UT, 84501 403 453-1	PHONE NUMBER: 608 Ext	9. FIELD and POOL or WILDCAT: GORDON CREEK		
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0869 FSL 0472 FEL			COUNTY: CARBON		
QTR/QTR, SECTION, TOWNSH Qtr/Qtr: SESE Section: 29	HP, RANGE, MERIDIAN: 9 Township: 14.0S Range: 08.0E Merid	lian: S	STATE: UTAH		
11. CHECH	K APPROPRIATE BOXES TO INDICA	TE NATURE OF NOTICE, REPOR	RT, OR OTHER DATA		
TYPE OF SUBMISSION		TYPE OF ACTION			
	ACIDIZE	ALTER CASING	CASING REPAIR		
NOTICE OF INTENT Approximate date work will start:	CHANGE TO PREVIOUS PLANS	CHANGE TUBING	CHANGE WELL NAME		
4/30/2013	CHANGE WELL STATUS	COMMINGLE PRODUCING FORMATIONS	CONVERT WELL TYPE		
SUBSEQUENT REPORT	DEEPEN	FRACTURE TREAT	NEW CONSTRUCTION		
Date of Work Completion:	OPERATOR CHANGE	PLUG AND ABANDON	PLUG BACK		
	PRODUCTION START OR RESUME	RECLAMATION OF WELL SITE	RECOMPLETE DIFFERENT FORMATION		
SPUD REPORT Date of Spud:	REPERFORATE CURRENT FORMATION	SIDETRACK TO REPAIR WELL	TEMPORARY ABANDON		
	TUBING REPAIR	VENT OR FLARE	WATER DISPOSAL		
DRILLING REPORT	WATER SHUTOFF	SI TA STATUS EXTENSION	✓ APD EXTENSION		
Report Date:	WILDCAT WELL DETERMINATION	OTHER	OTHER:		
12 DESCRIBE PROPOSED OR	COMPLETED OPERATIONS. Clearly show	all pertinent details including dates	<u>'</u>		
	drill this well during this pha				
and re	equest a 1 year extension to	the APD.	Utah Division of		
			Oil, Gas and Mining		
			Date: December 18, 2012		
			By: Bacylll		
NAME (PLEASE PRINT) Barry Brumwell	<b>PHONE NUM</b> 403 453-1608	BER Vice President-Operations			
SIGNATURE N/A		DATE 12/13/2012			

Sundry Number: 33073 API Well Number: 43007502510000



#### The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

**Electronic Permitting System - Sundry Notices** 

#### Request for Permit Extension Validation Well Number 43007502510000

API: 43007502510000

Well Name: GORDON CREEK SE-29-14-8

Location: 0869 FSL 0472 FEL QTR SESE SEC 29 TWNP 140S RNG 080E MER S

Company Permit Issued to: GORDON CREEK, LLC

Date Original Permit Issued: 10/27/2011

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. Following is a checklist of some items related to the application, which should be verified.

• If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No
<ul> <li>Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?</li> <li>Yes</li> <li>No</li> </ul>
• Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No
• Have there been any changes to the access route including ownership, or rightof- way, which could affect the proposed location?  Yes  No
• Has the approved source of water for drilling changed?   Yes   No
<ul> <li>Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?</li> <li>Yes</li> <li>No</li> </ul>
• Is bonding still in place, which covers this proposed well?   Yes   No
nature: Barry Brumwell Date: 12/13/2012

Sign

Title: Vice President-Operations Representing: GORDON CREEK, LLC



## State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

January 8, 2014

Gordon Creek, LLC 1179 E Main #345 Price, UT 84501

Re:

APD Rescinded - Gordon Creek SE-29-14-8, Sec. 29 T.14S, R.8E,

Carbon County, Utah API No. 43-007-50251

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on October 27, 2011. On December 13, 2012, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective January 8, 2014.

A new APD must be filed with this office for approval <u>prior</u> to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason

**Environmental Scientist** 

cc: Well File

Brad Hill, Technical Service Manager

